

RECORDATION NO. 18707-A FILED 1425

FEB 18 1994 -10 05 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT SCHEDULE NO. 01

Dated as of February 18, 1994

between

KEYCORP LEASING LTD.,
Lessor

and

GWI LEASING CORPORATION,
Lessee

Filed with the Interstate Commerce Commission pursuant to
49 U.S.C. § 11303 on Feb 18, 1994, at 10:05 A.M.
Recordation Number ____.

EQUIPMENT SCHEDULE NO. 01

EQUIPMENT SCHEDULE NO. 01 dated as of February 18, 1994 (this "Equipment Schedule") between KEYCORP LEASING LTD. ("Lessor") and GWI LEASING CORPORATION, a Delaware corporation ("Lessee");

INTRODUCTION:

Lessor and Lessee have heretofore entered into that certain Equipment Lease Agreement dated as of February 18, 1994 (the "Lease"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in the Lease. The Lease provides that, on the Closing Date, Kansas City Southern Railway Company ("Seller") shall deliver to Lessor a bill of sale dated such date by which Seller bargains, conveys, assigns, sets over, sells and delivers to Lessor, and Lessor purchases and accepts from the Seller, the Units to be conveyed on such Closing Date, and said Bill of Sale has been delivered by Seller and accepted by Lessor on such Closing Date. The Lease provides for the execution and delivery of a Equipment Schedule substantially in the form hereof for the purpose of confirming the acceptance and lease of the Equipment under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. As used herein and in the Lease, the term "Letter Agreement" shall mean that certain Letter Agreement (Equipment Schedule 01) dated as of February 18, 1994 between Lessee and Lessor.
2. Lessee hereby acknowledges and confirms that it has inspected and approved the Units set forth on Schedule 1 hereto at the time and on the dates set forth in the Certificate of Acceptance and such Units comply in all material respects with the specifications for such Units and are in good working order.
3. Lessor hereby confirms delivery and lease to Lessee, and Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, the Units listed on Schedule 1 hereto.
4. Lessee hereby represents and warrants that no Event of Loss has occurred with respect to the Units set forth on Schedule 1 hereto as of the date hereof.
5. The Closing Date of the Units described above is the date of this Equipment Schedule set forth in the opening paragraph hereof.
6. The aggregate Total Equipment Cost of the Units leased hereunder is as set forth in the Letter Agreement. The Stipulated Loss Values applicable in respect of the Units are set forth on Schedule 1 to the Letter Agreement.
7. **The following addenda shall be attached hereto and incorporated herein by reference with the same force and effect as if the terms and conditions of**

such addenda were fully set forth herein: Tax Indemnification Addendum; Cancellation Right Addendum; and Extended Term Addendum.

8. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Equipment Schedule to pay Rent to Lessor for the Equipment leased hereunder (1) in an amount set forth in the Letter Agreement during the Initial Term, and (2) monthly on the 15th of each month during the Term. The Initial Term of the Lease shall be eighty-four (84) months commencing on the date of this Equipment Schedule and ending on February 14, 2001.

9. Lessee's billing address is as follows:

GWL Leasing Corporation
71 Lewis Street
Greenwich, CT 06830

10. The execution and delivery of this Equipment Schedule will in no way relieve or decrease the responsibility of any manufacturer for the warranties it has made with respect to any Unit.

11. The Equipment Location for the Equipment is:

Louisiana Delta Railroad, Inc.
402 Washington Street
New Iberia, Louisiana 70560.

12. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Equipment Schedule may refer to the "Equipment Lease Agreement, dated as of February 18, 1994," the "Lease Agreement, dated as of February 18, 1994" or the "Lease, dated as of February 18, 1994" or may identify the Lease in any other respect without making specific reference to this Equipment Schedule, but nevertheless all such references shall be deemed to include this Equipment Schedule, unless the context shall otherwise require.


13. This Equipment Schedule shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease shall be and remain in full force and effect.

14. This Equipment Schedule may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. This Equipment Schedule is being delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

STATE OF Connecticut)
) ss.:
COUNTY OF Fairfield)

On this 16th day of February, 1994, before me the subscriber personally appeared Mark Hastings, to me personally known, who being by me duly sworn, says that he is Treasurer of GWI Leasing Corporation, that said instrument was signed on such date on behalf of said corporation by authority of the Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


NOTARY PUBLIC

My Commission Expires MY COMMISSION EXPIRES FEBRUARY 22, 1998

STATE OF NEW YORK)
) ss.:
COUNTY OF ALBANY)

On this ____ day of February, 1994, before me the subscriber personally appeared Steven R. DeCarlo, to me personally known, who being by me duly sworn, says that he is _____ of KeyCorp Leasing Ltd., that said instrument was signed on such date on behalf of said corporation by authority of the Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARY PUBLIC

My Commission Expires:

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Equipment Schedule to be duly executed and delivered on the day and year first above written.

Lessor:

KEYCORP LEASING LTD.

By: Steven R. DeCarlo

Name: **Steven R. DeCarlo**
Title: **Contract Administration Manager**

Lessee:

GWJ LEASING CORPORATION

By: _____

Name:
Title:

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Equipment Schedule to be duly executed and delivered on the day and year first above written.

Lessor:

KEYCORP LEASING LTD.

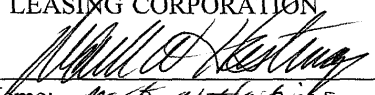
By: _____

Name:

Title:

Lessee:

GWI LEASING CORPORATION

By: 

Name: Mark A. Hastings

Title: Treasurer

STATE OF)
) ss.:
COUNTY OF)

On this ____ day of February, 1994, before me the subscriber personally appeared Mark Hastings, to me personally known, who being by me duly sworn, says that he is ____ of GWI Leasing Corporation, that said instrument was signed on such date on behalf of said corporation by authority of the Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARY PUBLIC

My Commission Expires:

STATE OF NEW YORK)
) ss.:
COUNTY OF ALBANY)

On this 16th day of February, 1994, before me the subscriber personally appeared Steven R. DeCarlo, to me personally known, who being by me duly sworn, says that he is Contract Adm Mgr of KeyCorp Leasing Ltd., that said instrument was signed on such date on behalf of said corporation by authority of the Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Patricia M Norwood
NOTARY PUBLIC

My Commission Expires:

PATRICIA M. NORWOOD
Notary Public, State of New York
No. 4863343
Qualified in Rensselaer County
Commission Expires June 23, 1994

Schedule 1

DESCRIPTION OF UNITS

Eight (8) CF-7 Locomotives having the following road numbers:

LD	1507
LD	1508
LD	1509
GWSS	1510
GWSS	1511
GWSS	1512
GWSS	1513
GWSS	1514

**TAX INDEMNIFICATION ADDENDUM
TO EQUIPMENT LEASE SCHEDULE NUMBER 01
TO EQUIPMENT LEASE AGREEMENT DATED FEBRUARY 18, 1994
BETWEEN KEYCORP LEASING LTD., AS LESSOR,
AND GWI LEASING CORPORATION, AS LESSEE.**

This Tax Indemnification Addendum is annexed to, and made a part of, the above-referenced Equipment Lease Schedule and Equipment Lease Agreement (collectively, the "Lease"). Unless otherwise specified herein, all capitalized terms shall have the meanings ascribed to them in the Lease. Lessor and Lessee hereby agree as follows:

Lessee acknowledges that Lessor has executed the Lease, and that the Rent payable by Lessee under the Lease has been computed, upon the assumptions that Lessor will (i) be entitled to depreciation or cost recovery deductions ("MACRS Deductions") for Federal income tax purposes under the Modified Accelerated Cost Recovery System provided for in Section 168 of the Internal Revenue Code of 1986, as amended (the "Code"), and depreciation or cost recovery deductions ("State Depreciation Deductions") for state income tax purposes for the State of New York ("New York"), in each case on the basis that (1) each Item of Equipment constitutes "seven-year property" within the meaning of Section 168(e) of the Code, (2) the initial tax basis for each Item of Equipment will be equal to the Total Cost, (3) deductions for each Item of Equipment will be computed by using the method specified in Section 168(b)(1) of the Code over the seven-year recovery period described in Section 168(c) of the Code, and (4) the applicable convention for each Item of Equipment under Section 168(d)(1) of the Code is the half-year convention; (ii) be entitled to deductions for Federal income tax purposes (available in the manner and as provided by Section 163 of the Code) for interest payable with respect to any indebtedness incurred by Lessor in connection with any financing by Lessor of any portion of the Total Cost of each Item of Equipment ("Interest Deductions"); and (iii) be subject to tax for each year at a composite Federal and New York corporate income tax rate equal to the highest marginal rate for corporations provided for under the Code and the laws of New York (the "Highest Marginal Tax Rate"). The MACRS Deductions, State Depreciation Deductions and Interest Deductions are hereinafter collectively referred to as the "Tax Benefits".

Lessee represents and warrants to Lessor that (i) to the extent that the Tax Benefits are available, Lessor (and not Lessee) shall be entitled to take such Tax Benefits, (ii) Lessee shall not attempt to claim such Tax Benefits, (iii) at and after the time of delivery of the Equipment to Lessee pursuant to the Lease, the Equipment shall be deemed to be owned by Lessor and Lessee shall not claim any ownership or title in and to the Equipment, and (iv) Lessee has not, and will not, at any time after such delivery throughout the Term of the Lease, take any action or omit to take any action (whether or not the same is permitted or required hereunder) which will result in the loss by Lessor of all or any part of such Tax Benefits.

If, as a result of any act, omission or misrepresentation of Lessee, (x) the Tax Benefits are lost, disallowed, eliminated, reduced, recaptured, compromised or otherwise unavailable to Lessor, (y) for Federal, foreign, state or local income tax purposes, any item of income, loss or deduction with respect to any Item of Equipment is treated as derived from, or allocable to, sources outside the United States, or (z) there shall be included in the gross income of Lessor for Federal, state or local income tax purposes any amount on account of any addition, modification, substitution or improvement to or in respect of any Item of Equipment made or paid for by Lessee (any of the foregoing being hereinafter a "Tax Loss"), then, within thirty (30) days of Lessee's receipt of written notice from Lessor that such a Tax Loss has occurred, Lessee shall pay to Lessor an amount which, after deduction therefrom of all taxes to be paid

in respect of the receipt thereof, will enable Lessor to receive the same rate of return on assets that Lessor would have realized had such Tax Loss (together with any interest, penalties or additions to tax) not occurred. Lessor's rate of return on assets shall be determined by taking into account (i) the assumptions used by Lessor in originally calculating Rent and Stipulated Loss Value percentages, including the assumptions set forth above (as such assumptions may have been revised pursuant to the next sentence hereof and (ii) the Highest Composite Marginal Tax Rate actually in effect during each year from the date of such original calculations to the date of such Tax Loss, both dates inclusive. In the event Lessor shall suffer a Tax Loss with respect to which Lessee is required to pay an indemnity hereunder, and the full amount of such indemnity has been paid or provided for hereunder, the aforesaid assumptions, without further act of the parties hereto, shall thereupon be and be deemed to be amended, if and to the extent appropriate, to reflect such Tax Loss. Any event which, by the terms of this Lease, requires payment by Lessee to Lessor of the Stipulated Loss Value of the Equipment shall not constitute the act of Lessee for purpose of the foregoing sentence.

For purposes of this Addendum, the term "Lessor" shall include the entity or entities, if any, with which Lessor consolidates any tax return. Lessee acknowledges that it has neither sought nor received tax advice from Lessor as to the availability to Lessee of any tax benefits with respect to the Equipment. All of Lessor's rights and privileges arising from the indemnities contained in this Lease will survive the expiration or other termination of the Lease. Such indemnities are expressly made for the benefit of, and are enforceable by, Lessor and its successors and assigns.

Except to the extent modified herein, all of the terms, covenants and conditions of the Lease shall continue in full force and effect and are in all respects hereby ratified and affirmed.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Tax Indemnification Addendum as of 2/18, 1994.

LESSOR:

KEYCORP LEASING LTD.

By: Steven R. DeCarlo
Name: **Steven R. DeCarlo**
Title: **Contract Administration Manager**

LESSEE:

GWJ LEASING CORPORATION

By: Mark A. Fasham
Name: **Mark A. Fasham**
Title: **Treasurer**

**CANCELLATION RIGHT ADDENDUM
TO EQUIPMENT LEASE SCHEDULE NUMBER 01
TO EQUIPMENT LEASE AGREEMENT DATED FEBRUARY 18, 1994
BETWEEN KEYCORP LEASING LTD, AS LESSOR,
AND GWI LEASING CORPORATION, AS LESSEE.**

This Cancellation Right Addendum is annexed to, and made a part of, the above-referenced Equipment Lease Schedule and Equipment Lease Agreement (collectively, the "Lease"). Unless otherwise specified herein, all capitalized terms shall have the meanings ascribed to them in the Lease. Lessor and Lessee hereby agree as follows:

1. Cancellation Right. Subject to and upon the terms and conditions set forth herein, Lessee shall have the right (the "Cancellation Right") to cancel the Lease at the expiration of the twenty-fourth (24th) month of the Initial Term of the Lease (the "Cancellation Date"), by paying to Lessor a cancellation fee (the "Cancellation Fee") equal to sixty-seven and sixty-five hundredths (67.65%) percent of the Lessor's Cost of the Equipment.

2. Conditions Precedent to Exercise. Lessee's exercise of the Cancellation Right shall be conditioned upon satisfaction of the following conditions precedent: (a) Lessee shall not be in default under the Lease, and no event shall have occurred which with the passage of time or giving of notice, or both, would constitute a default under the Lease; (b) Lessee shall have given written notice to Lessor of Lessee's desire to exercise the Cancellation Right at least ninety (90) days prior to the Cancellation Date; (c) Lessor shall have received Lessee's payment of the Cancellation Fee prior to the Cancellation Date; and (d) Lessee shall have returned the Equipment to Lessor, in accordance with the terms and conditions of the Lease, on or prior to the Cancellation Date.

Except as modified hereby, all of the terms, covenants and conditions of the Lease shall remain in full force and effect and are in all respects hereby ratified and affirmed.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Cancellation Right Addendum as of February 18, 1994.

LESSOR:

KeyCorp Leasing Ltd.

By: Steven R. DeCarlo
Name: **Steven R. DeCarlo**
Title: **Contract Administration Manager**

LESSEE:

GWI Leasing Corporation

By: Mark A. Hastings
Name: **Mark A. Hastings**
Title: **Treasurer**

**EXTENDED TERM ADDENDUM
TO EQUIPMENT LEASE SCHEDULE NUMBER 01
TO EQUIPMENT LEASE AGREEMENT DATED FEBRUARY 18, 1994
BETWEEN KEYCORP LEASING LTD, AS LESSOR,
AND GWI LEASING CORPORATION, AS LESSEE.**

This Addendum is annexed to, and made a part of, the above-referenced Equipment Lease Schedule and Equipment Lease Agreement (collectively, the "Lease"). Unless otherwise specified herein, all capitalized terms shall have the meanings ascribed to them in the Lease. Lessor and Lessee hereby agree as follows:

1. **Fixed Price Purchase Option.** Lessor hereby grants to Lessee an option (the "Purchase Option") to purchase the Equipment at the expiration of the Initial Term of the Lease for a purchase price equal to the Option Purchase Price (the "Option Purchase Price") set forth in the Letter Agreement (Equipment Schedule 01) dated as of February 18, 1994 (the "Letter Agreement") between Lessor and Lessee.

2. **Conditions Precedent to Exercise.** Lessee's right to exercise the Purchase Option shall be conditioned upon the satisfaction of the following conditions precedent: (a) Lessee shall not be in default under the Lease, and no event shall have occurred which with the passage of time or giving of notice, or both, would constitute a default under the Lease; (b) Lessee shall have given written notice to Lessor of Lessee's desire to exercise the Purchase Option at least ninety (90) days prior to the end of the Initial Term of the Lease; and (c) Lessor shall have received Lessee's payment of the Option Purchase Price (plus any taxes) prior to the expiration of the Initial Term of the Lease.

3. **No Warranties by Lessor.** If Lessee exercises the Purchase Option in accordance with the terms and conditions hereof, then at the expiration of the Initial Term of the Lease, Lessor shall transfer title to the Equipment to Lessee; **IT BEING EXPRESSLY UNDERSTOOD THAT SUCH TRANSFER IS "AS IS, WHERE IS", WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, AND LESSOR EXPRESSLY DISCLAIMS THE SAME.**

4. **No Partial Purchase.** Notwithstanding anything to the contrary contained herein, the Purchase Option may not be exercised with respect to less than all of the Equipment.

5. **Automatic Extension of Initial Term.** If the Purchase Option is not exercised or not consummated for any reason, then the Initial Term of the Lease shall be automatically extended for an additional, non-cancelable period of twenty-four (24) months (the "Extended Lease Term") at the monthly rental payment equal to the Extended Lease Term Rental (the "Extended Lease Term Rental") set forth in the Letter Agreement. The first payment of the Extended Lease Term Rental shall be due and payable on the last day of the Initial Term of the Lease.

6. **Lease Obligations.** Except as modified hereby, the Extended Lease Term shall be on the same terms and conditions as set forth in the Lease.

Except as modified hereby, all of the terms, covenants and conditions of the Lease shall remain in full force and effect and are in all respects hereby ratified and affirmed.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Extended Term Addendum as of 2/18, 1994.

LESSOR:

KeyCorp Leasing Ltd.

By: Steven R. DeCarlo
Name: **Steven R. DeCarlo**
Title: **Contract Administration Manager**

LESSEE:

GWI Leasing Corporation

By: Michael H. Hastings
Name: Michael H. Hastings
Title: Treasurer